

ACCSCCT Alert!

Information for
our member schools

To: *ACCSCCT Accredited Institutions and Other Interested Parties*
From: *Elise Scanlon, Executive Director*
Date: *March 17, 2004*
Subject: *Amendments to the Standards of Accreditation*

The Accrediting Commission of Career Schools and Colleges of Technology has reviewed all written comments submitted by accredited institutions and other interested parties regarding the revisions to the Standards of Accreditation as proposed in the Commission's December 16, 2003 Call For Comment. The Commission has subsequently voted to adopt the additions and revisions to the Standards of Accreditation and to establish conforming processes in the following areas:

- *Submission of Sustaining Fees*
- *ACCSCCT Sustaining Fee Calculation Worksheet*
- *Instructions for the Submission of Financial Statements and Financial Reporting*
- *Financial Statement Analysis Form*

In addition, the Commission has established *a new schedule for the payment of sustaining fees* which shall coincide with all future submissions of financial statements.

The full text of the Accreditation Alert can also be found on the Commission's website at: www.accsct.org. Go to "*Staying Accredited*" and then "*Accreditation Alert*." The revisions and additions have been incorporated into the Standards of Accreditation, a revised copy of which can be found on the Commission's website by going to "*Staying Accredited*" and then "*Standards of Accreditation*." The revised Standards of Accreditation dated March 17, 2004 should be used to replace all previous versions.

Accredited institutions and others maintaining complete, up-to-date copies of the Standards of Accreditation should add this notice to their current standards book under the Accreditation Alerts tab. For additional information related to these adopted changes, please contact Michale S. McComis, Director of Accreditation at (703) 247-4520.

SUBMISSION OF ANNUAL SUSTAINING FEES

Effective immediately, the Commission has established a new process for the payment of sustaining fees. In accordance with the ACCSCT bylaws, the Commission may establish a payment schedule as appropriate for the payment of dues. In the past, the Commission has issued invoices for the annual payment of sustaining fees using the Commission's formula based upon the previous year's payment and financial statements. In order to streamline this process, sustaining fees shall now be due with the school's submission of its fiscal year-end financial statements. Schools are required to complete the *ACCSCT Sustaining Fees Calculation Worksheet* and to submit this worksheet with a check made payable to ACCSCT in the appropriate amount with the school's annual submission of its fiscal year-end financial statements. Please be reminded of the following schedule to submit financial statements and the school's yearly sustaining fee:

Schools with a fiscal year end between January 1 and June 30 are required to submit their fiscal year-end financial statements on or before December 31 of that same year. Schools with a fiscal year end between July 1 and December 31 will be required to submit their fiscal year-end financial statements on or before June 30 of the following year.

Therefore, a school with a December 31, 2003 fiscal year end will submit the following on or before June 30, 2004:

- The school's December 31, 2003 fiscal year-end financial statements;
- The ACCSCT *Financial Statement Analysis Form* (see below, form attached);
- The ACCSCT *Sustaining Fees Calculation Worksheet* (form attached); and
- A check made payable to ACCSCT in the correct amount for the school's annual sustaining fees.

The *Financial Statement Analysis Form* and the *Sustaining Fees Calculation Worksheet* are both available on the Commission's website at www.accsct.org under the "Forms" link.

Please also be reminded that dues and assessments shall be considered delinquent if not paid within thirty (30) days of the due date – either June 30 or December 31 depending on the school's fiscal year end. The Accrediting Commission has established an interest charge of one and one-half percent (1 1/2%) per month to be applied to the amount of delinquent dues and assessments.

REVISIONS TO THE INSTRUCTIONS FOR FINANCIAL REPORTING

In May 2001, the Commission created a Financial Review Committee to review the financial statements submitted by accredited schools and schools seeking initial accreditation. The Commission also directed this Committee to research and test various analysis methods suitable for financial statement assessment and to incorporate the results of this research into a revision of the Commission's Instructions for Financial Reporting. The Committee reported its findings to the full

Commission in August and November 2003 and the proposed revisions were presented to the membership in the December 16, 2003 Call for Comment. The Commission reviewed the comments of the membership and subsequently voted to adopt the proposed revisions with some adjustments based upon suggestions received during the Call for Comment period. The Commission believes that the revisions to these instructions more clearly convey the Commission's expectations with respect to the submission of financial statements and permit a more refined analysis.

In addition, the Commission proposed the use of a *Financial Statements Analysis Form* in order to standardize the method by which financial information is submitted to ACCSCT. The Commission reviewed the comments of the membership and also subsequently voted to adopt the utilization of the *Financial Statements Analysis Form*, with some adjustments, as a requirement.

Requirements relative to the submission of financial statements are currently found in several areas of the Standards of Accreditation, to include the Accreditation Reviews section of the Introduction to the Standards of Accreditation; the Accreditation Alert dated June 20, 2000; and in the Instructions for Financial Reporting found in the Forms section of the Standards of Accreditation. The revisions adopted by the Commission consolidate these requirements into one document within the Standards of Accreditation.

The Commission also specifies within these instructions the financial soundness criteria for schools seeking initial accreditation. During the past two years, the Financial Review Committee of the Commission has considered the financial statements of all schools seeking initial accreditation prior to the acceptance of an Application for Initial Accreditation. The criteria for schools filing an Application for Initial Accreditation are based upon the Committee's findings in reviewing these financial statements over time. Given the significant commitment of resources that are necessary to pursue and achieve initial accreditation, the Commission believes that establishing these criteria will help schools to determine the level of preparation and commitment of resources required to undertake the accreditation process.

Finally, the Commission now requires the *Financial Statement Analysis Form* to be included with the submission of all year-end financial statements. The form utilizes commonly used ratios for the assessment of financial soundness. The form, designed in a Microsoft Excel format, is intended to provide schools with an effective tool to evaluate their financial performance in order to effectively plan for institutional improvement.

The new *Instructions for the Submission of Financial Statements and Financial Reporting* and the *Financial Statement Analysis Form* are available on the Commission's website at www.accsct.org under the "*Forms*" link.